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11 *Attorneys for Plaintiff*  
12 **CLOAKWORKS, INC.**

13  
14 **UNITED STATES DISTRICT COURT**  
15 **FOR THE NORTHERN DISTRICT OF CALIFORNIA (SAN FRANCISCO)**  
16

17 CLOAKWORKS, INC.,

Case No. C-08-2044 PJH

18 Plaintiff,

**JOINT CASE MANAGEMENT  
STATEMENT AND [PROPOSED]  
ORDER**

19 v.

20 CLOAKWARE, INC.,

21 Defendant.

22  
23  
24 Plaintiff Cloakworks, Inc. (“Cloakworks”) and defendant Cloakware, Inc.  
25 (“Cloakware”) hereby respectfully submit this Joint Case Management Statement in  
26 connection with the Case Management Conference in this matter scheduled for September 4,  
27 2008.  
28

1    **1. JURISDICTION AND SERVICE**

2       The parties agree that the Court has subject matter jurisdiction over this action. There  
3       are no issues regarding service, personal jurisdiction or venue.

4    **2. STATEMENT OF FACTS**

5       **A. A BRIEF DESCRIPTION OF THE FACTS**

6       This is a patent infringement case. Plaintiff Cloakworks, in its complaint, alleges  
7       infringement of United States Patent Number 6,192,475 (the “475 Patent”). Cloakware has  
8       filed an answer denying Cloakworks’ allegations and counterclaims for declaratory judgment  
9       of non-infringement and invalidity.

10      Cloakworks in its complaint alleges that the ’475 patent discloses a novel method,  
11       system and apparatus for rewriting software into a protected form, so that this “cloaked”  
12       software is protected from analysis, reverse engineering and tampering. The complaint  
13       further alleges that Cloakware has infringed and is presently infringing the patent-in-suit by  
14       making and selling products that practice the patented method in order to protect software  
15       from analysis, reverse engineering and tampering. The complaint alleges both that  
16       Cloakware directly infringes and that it has induced others to make, use or sell the system  
17       and has infringed contributorily.

18      Cloakware generally denies the allegations, and alleges in its answer and  
19       counterclaim that the patent-in-suit is invalid pursuant to 35 U.S.C. §§ 102, 103, 112, and/or  
20       116, and not infringed by Cloakware either directly or indirectly. Cloakware has asserted  
21       additional affirmative defenses pursuant to 35 U.S.C. §§ 286-288, as well as prosecution  
22       history estoppel, and equitable defenses based on Cloakworks’ alleged unreasonable delay in  
23       bringing suit. Cloakware also asserts that Cloakworks is not entitled to injunctive relief  
24       because any alleged injury is not immediate or irreparable and Cloakworks has an adequate  
25       remedy at law.

1        **B. THE PRINCIPAL FACTUAL ISSUES WHICH THE PARTIES DISPUTE**

2            a. Whether the defendant has infringed, and continues to infringe, the patent-in-  
 3        suit, directly or by inducement;

4            b. Whether any such alleged infringement is willful;

5            c. Whether the patent-in-suit is invalid;

6            d. Whether the patent-in-suit is enforceable against Cloakware;

7            e. Whether the facts support any or all of Cloakware's additional affirmative  
 8        defenses; and

9            f. The amount of Cloakworks' damages for any infringement of any valid and  
 10        enforceable claim

12        **3. LEGAL ISSUES**

13        The disputed points of law are anticipated to be:

14            a. The proper construction of the asserted claims of the patent-in-suit;

15            b. Whether there has been any infringement of the asserted claims of the patent-  
 16        in-suit as construed by the Court;

17            c. Whether the asserted claims are invalid and unenforceable;

18            d. Whether Cloakware is entitled to prevail on any or all of its additional  
 19        affirmative defenses;

20            e. Whether any party is entitled to attorneys' fees and costs pursuant to 35  
 21        U.S.C. §285;

22            f. Whether Cloakworks' claims for relief and prayer for damages are limited by  
 23        35 U.S.C. §§ 286 and/or 287, and whether Cloakworks is barred by 35 U.S.C. § 288 from  
 24        recovering costs associated with this action;

25            g. Whether Cloakworks is entitled to treble damages pursuant to 35 U.S.C.  
 26        § 284; and

27            h. Whether Cloakworks is entitled to a permanent injunction pursuant to 35

1 U.S.C. § 283.

2 The parties reserve the right to raise additional factual or legal issues that may arise  
3 through the course of this action.

4 **4. MOTIONS**

5 The parties anticipate claim construction briefing under the Patent Local Rules and  
6 may file one or more dispositive motions. Plaintiff anticipates moving to add to the  
7 Complaint probably two of Cloakware's customers, as alleged direct infringers.

8 **5. EVIDENCE PRESERVATION**

9 Both parties have imposed a litigation hold on documents related to this action, and  
10 are in the process of collecting documents for review and production.

11 **6. DISCLOSURES**

12 The parties will exchange their initial disclosures before close of business on August  
13 28, 2008.

14 **7. DISCOVERY:**

15 At this time, the parties propose altering the discovery limits imposed by the Federal  
16 Rules of Civil Procedure and the Local Rules as follows:

17 (a)

18 **PLAINTIFF'S PROPOSAL:** The parties should follow the provisions of the  
19 Federal Rule of Civil Procedure and the Local Rules, regarding the number and duration of  
20 depositions. Plaintiff objects to defendant's proposal to modify the ordinary time limits and,  
21 especially, objects to defendant's proposal that the normal time limit of seven hours for  
22 deposition be modified only for David Wallace, who is the principal of plaintiff Cloakworks.  
23 It is premature at this stage of the case to reduce the total amount of time available for  
24 depositions and to prescribe specific limits for specific deponents. This is particularly  
25 inappropriate, and objectionable, where defendant singles out Mr. Wallace, and seeks to  
26 depose him for 21 hours, which is three times the normal limit. The better procedure is: (a)  
27  
28

1 when the time comes for the depositions of Mr. Wallace and others, the parties should meet  
2 and discuss the appropriate time for deposition, based on the subjects to be covered, relevant  
3 documents for that deponent, etc., and (b) if the parties are not able to agree, then and only  
4 then should the parties come to the court, present the specific facts for the deponent, and seek  
5 or oppose modification of the ordinary time limit.

6       **DEFENDANT'S PROPOSAL:** The parties may notice and take no more than a total  
7 of fifty hours of depositions, excluding experts. Each expert may be deposed for no more  
8 than seven hours. Cloakware may depose David Wallace, the founder of Plaintiff  
9 Cloakworks and sole named inventor on the patent-in-suit, for no more than twenty-one  
10 hours. Any party may make application to the Court for additional deposition time, which  
11 shall be granted upon a showing of good cause. The parties may also modify these time  
12 restrictions by agreement.

14           (b) Plaintiff Cloakworks may propound no more than twenty-five (25)  
15 interrogatories;

16           (c) Defendant Cloakware may propound no more than twenty-five (25)  
17 interrogatories;

18           (d) Plaintiff Cloakworks may propound no more than twenty-five (25) requests for  
19 admission directed to matters other than the authenticity of documents. Requests for  
20 admission of the authenticity of documents shall be unlimited;

21           (e) Defendant Cloakware may propound no more than twenty-five (25) requests for  
22 admission directed to matters other than the authenticity of documents. Requests for  
23 admission of the authenticity of documents shall be unlimited;

24           (f) No notes, drafts, or other types of preliminary written work by or for experts  
25 concerning the subject matter of this civil action shall be the subject of discovery or inquiry  
26 at trial;

27

28

1 (g) No communications, whether written or oral, between or among any expert(s) and  
 2 counsel for the party retaining said expert(s) concerning the subject matter of this civil action  
 3 shall be the subject of discovery or inquiry at trial;

4 (h) Paragraphs 7(f) and (g) shall not apply to any communications or documents that  
 5 the expert relied upon in forming his or her opinion as expressed in an affidavit, report, or  
 6 testimony in connection with this civil action, or on which the expert intends to rely as a  
 7 basis for an opinion expressed in an affidavit, report, or testimony in connection with this  
 8 civil action. Such communications or documents shall be subject to discovery and (to the  
 9 extent otherwise admissible) to inquiry at trial; and

10 (i) Materials, communications, and other information exempt from discovery under  
 11 paragraphs (e) - (g) shall be treated as attorney-work product for the purposes of this  
 12 litigation.

13 The Proposed Docket Control Deadlines, below, in Section 19(D) contains a  
 14 proposed schedule for discovery.

15 **8. CLASS ACTIONS**

16 Not applicable.

17 **9. RELATED CASES**

18 No related cases are pending before other Judges of this Court.

19 **10. RELIEF**

20 *Plaintiffs' Request:* Cloakworks seeks damages, injunctive relief, a declaration that  
 21 the patent-in-suit is enforceable and that Cloakware has willfully infringed, enhanced  
 22 damages under 35 U.S.C. § 284, and costs and attorney's fees including those awardable  
 23 under 35 U.S.C. § 285. Cloakworks expects that its damage computations will be based  
 24 upon an adequate compensation for the infringement of the '475 Patent, including damages  
 25 and a reasonable royalty on the manufacturing, distribution, and sales of infringing products  
 26  
 27  
 28

1 (hardware and software) including the Cloakware Transcoder, Security Suite, Robustness  
 2 Solutions and Server Password Manager, as well as infringing uses of those products and  
 3 services, including the cloaking of software and sale and use of cloaked software and *e.g.* the  
 4 distribution of video and audio protected by cloaked DRM software, enhanced damages for  
 5 willful infringement, and attorneys' fees and costs associated with conducting this suit.  
 6 Cloakworks expects that the reasonable royalty will also include a royalty on the convoyed  
 7 sales generated by the infringing products and services.  
 8

9        *Defendant's Request:* Defendant denies that Cloakworks is entitled to any of its  
 10 requested relief and seeks dismissal of the complaint in its entirety, with prejudice, the entry  
 11 of judgment in favor of Cloakware and against Cloakworks, declarations that the '475 patent  
 12 has not been infringed by Cloakware and that it is invalid and unenforceable, and costs  
 13 (including expert fees), disbursements, and reasonable attorneys' fees incurred in this action  
 14 pursuant to 35 U.S.C. § 285.

15        **11. SETTLEMENT AND ADR**

16        The parties have filed a Stipulation and Proposed Order Selecting an ADR Process in  
 17 which they agreed to participate in private mediation before a mediator to be selected by the  
 18 parties. The parties participated in that mediation yesterday. No settlement was reached.

19        **12. CONSENT TO MAGISTRATE JUDGE FOR ALL PURPOSES**

20        The parties declined the appointment of a Magistrate Judge for all purposes.

21        **13. OTHER REFERENCES**

22        Not applicable.

23        **14. NARROWING OF ISSUES**

24        The parties believe that it is premature to narrow the issues for trial other than to  
 25 make the identifications required by the Patent Local Rules. The parties believe that they  
 26 may be able to narrow the issues for trial after the Court issues its claim construction rulings.  
 27

1   **15. EXPEDITED SCHEDULE**

2       The parties do not presently believe that this is the type of case that can be handled on  
3       an expedited schedule.

4   **16. SCHEDULING**

5       The Proposed Docket Control Deadlines, Section 19(D) below, proposes a schedule  
6       through a case management conference after claims construction.

7   **17. TRIAL**

8       The trial will be a jury trial, and the parties preliminarily anticipate that the trial will  
9       be 5-10 court days.

10   **18. DISCLOSURE OF NON-PARTY INTERESTED ENTITIES OR PERSONS**

11       Cloakworks filed its Certification of Interested Entities or Persons on April 18, 2008.

12       Cloakware filed its Certification of Interested Entities or Persons on June 11, 2008.

13   **19. OTHER MATTERS**

14       **A. PROTECTIVE ORDER**

15       The parties are discussing a stipulated protective order.

16       **B. CLAIM CONSTRUCTION HEARING**

17       The Patent Local Rules require the parties to meet and confer about the manner in  
18       which the claim construction hearing will proceed. The parties have discussed the matters  
19       specified in the Patent Local Rules and believe that a determination of the manner in which  
20       the hearing will proceed, other than the proposed scheduling as set forth below, is premature.

21       **C. JURY DEMAND**

22       Cloakworks and Cloakware both demand a trial by jury.

23       **D. PROPOSED DOCKET CONTROL DEADLINES**

24       The parties have agreed to follow the Northern District's Patent Local Rules.

25       The parties have not reached agreement on the discovery and pretrial schedule, as  
26       described below:

1                   Plaintiff's Proposal

2                   Plaintiff proposes that, at this time, the Court set dates through the Markman hearing,  
 3 but not beyond. In the alternative, if the Court prefers at this time to set such further dates,  
 4 plaintiff proposes that the Court set the dates set forth below in the following chart as  
 5 "Plaintiff's Proposal."

6                   Defendant's Proposal

7                   Defendant proposes that the Court set the dates set forth below as "Defendant's  
 8 Proposal," including dates to occur after the Markman hearing.

<b>PARTY</b>	<b>DEADLINE DESCRIPTION</b>	<b>DATE— PLAINTIFF'S PROPOSAL</b>	<b>DATE— DEFENDANT'S PROPOSAL</b>
All	Joint Case Management Statement and Proposed Order	August 28, 2008	Same
All	FRCP 26, Initial Disclosures	August 28, 2008	Same
All	Initial Case Management Conference	September 4, 2008	Same
Cloakworks	Disclosure of Asserted Claims and Infringement Contentions pursuant to Patent L.R. 3-1	September 18 2008	Same
Cloakworks	Document Production Accompanying Disclosure of Asserted Claims and Infringement Contentions pursuant to Patent L.R. 3-2	September 18, 2008	Same
Cloakware	Invalidity Contentions pursuant to Patent L.R. 3-3	November 3, 2008	Same
Cloakware	Document Production Accompanying Invalidity Contentions pursuant to Patent L.R. 3-4	November 3, 2008	Same
All	Exchange of Proposed Terms for Construction pursuant to Patent L.R. 4-1(a)	November 18, 2008	Same
All	Exchange of Preliminary Claim Constructions pursuant to Patent L.R. 4-2(a)	December 8, 2008	Same

1 PARTY	2 DEADLINE DESCRIPTION	3 DATE— PLAINTIFF'S PROPOSAL	4 DATE— DEFENDANT'S PROPOSAL
5 All	6 Exchange of Extrinsic Evidence and Witness Summaries pursuant to Patent L.R. 4- 2(b)	7 December 8, 2008	8 Same
9 All	10 Joint Claim Construction and Pre-hearing Statement pursuant to Patent L.R. 4-3	11 January 12, 2009	12 Same
13 All	14 Deadline to Complete Claim Construction Discovery pursuant to Patent L.R. 4-4	15 February 12, 2009	16 Same
17 Cloakworks	18 Opening Claim Construction Brief pursuant to Patent L.R. 4-5 (a)	19 February 27, 2009	20 Same
21 Cloakware	22 Responsive Claim Construction Brief pursuant to Patent L.R. 4-5(b)	23 March 13, 2009	24 Same
25 Cloakworks	26 Reply Claim Construction Brief pursuant to Patent L.R. 4-5(c)	27 March 20, 2009	28 Same
29 Cloakware	30 Surreply Claim Construction Brief	31 None needed	32 March 27, 2009
33 All	34 Tutorial pursuant to Standing Order	35 April 1, 2009	36
37 All	38 Claim Construction Hearing (Subject to the Court's Convenience)	39 April 6, 2009	40 April 15, 2006
41 All	42 Status Conference with the Court re scheduling further proceedings	43 At Court's earliest convenience after the Markman Order	44 Same
45	46 Non-expert Discovery Cutoff	47 August 14, 2009	48 December 1, 2009
49 All	50 Service of opening expert reports (issues on which party bears burden of proof)	51 September 4, 2009	52 December 7, 2009
53 All	54 Service of rebuttal expert reports	55 September 25, 2009	56 January 18, 2010
57 All	58 Expert Discovery Cutoff	59 October 23, 2009	60 March 19, 2010
61 All	62 Dispositive Motions (filing)	63 November 6, 2009	64 April 21, 2010
65 All	66 Pretrial Conference	67 February 26, 2010	68 July 26, 2010
69 All	70 Trial (Jury Selection)	71 March 15, 2010	72 August 2, 2010

1 Plaintiff and Defendants specifically reserve their right to request that the schedule be  
2 amended due to changes occurring in the course of the case, such as amendments to the  
3 pleadings, additions of parties, professional or case conflicts, or other good cause, in  
4 accordance with Fed. R. Civ. P. 16(b).

5 Dated: August 28, 2008

6 Respectfully submitted,

7  
8  
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20 *Attorneys for Defendant*  
*CLOAKWARE INC.*

21 *Attorneys for Plaintiff*  
*CLOAKWORKS, INC.*

22  
23 I hereby attest that concurrence in the filing of this document has been obtained for  
24 all signatures indicated by a "conformed" signature (/s/) within this e-filed document.

25 Date: August 28, 2008

26 /s/ Spencer Hosie  
27 Spencer Hosie  
28 *Attorneys for Plaintiff, CLOAKWORKS, INC.*

## CASE MANAGEMENT ORDER

The Case Management Statement and Proposed Order is hereby adopted by the Court as the Case Management Order for the case and the parties are ordered to comply with this order.

Dated: \_\_\_\_\_

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THE HONORABLE PHYLLIS J. HAMILTON  
UNITED STATES DISTRICT JUDGE